



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
PUBLIC MEETING MINUTES OF DECEMBER 16, 2022

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant, Chair, at 9:03 a.m., via videoconferencing.

Trustees Present

Suzanne Grant
Art Agra
Ken Simpler
Harold Stafford
Nancy Shevock

Trustees Absent

Cerron Cade
Rick Geisenberger

Others Present

Joanna Adams, Pension Administrator
Stephenie Tatman, Deputy Pension Administrator
Ryan Connell, Deputy Attorney General
William O'Brien, Deputy Attorney General
Mary Wood, Pension Office
Vicki Schultes, Pension Office
Cindy Starr, Pension Office
Joshua Hitchens, Pension Office
Kristal Diaz, Pension Office

Amy Cole, Pension Office
Kari Overington, Pension Office
Khairat Makanjuola, Pension Office
Rob Gooderham, Windmark Investment Partners
Garry Musto, Windmark Investment Partners
Tom Pledge, State of Delaware retiree
Cyril Español, journalist, *With.Intelligence*

1. OPENING COMMENTS

S. Grant welcomed everyone to the meeting virtually.

2. PUBLIC COMMENTS

No public comments were presented.

3. APPROVAL OF THE MINUTES OF THE BOARD OF PENSION TRUSTEES MEETING OF NOVEMBER 18, 2022

The Public Minutes of the November 18, 2022 meeting were reviewed.

MOTION was made by K. Simpler and seconded by A. Agra to approve the Public Minutes of the November 18, 2022 Board of Pension Trustees as submitted.

MOTION ADOPTED UNANIMOUSLY

The Executive Minutes of the November 18, 2022 meeting were reviewed in Executive Session.

MOTION was made by K. Simpler and seconded by A. Agra to approve the Executive Minutes of the November 18, 2022 Board of Pension Trustees meeting with technical changes as noted.

MOTION ADOPTED UNANIMOUSLY

4. AUDIT COMMITTEE REPORT

H. Stafford stated Pamela Tikellis, Governance Committee Chair, requested an Audit Committee member to serve as a liaison to the Board of Pension Trustees. Mr. Stafford has agreed to serve on the Governance Committee in this capacity.

H. Stafford thanked S. Tatman for her work as the former Internal Audit Director and present Deputy Pension Administrator and looks forward to working with K. Makanjuola as the new Internal Audit Director.

The next Audit Committee meeting is scheduled for February 10, 2023.

5. GOVERNANCE COMMITTEE REPORT

Ms. Adams reported that the Committee has not met since their November 9, 2022 meeting.

The next Governance Committee meeting is scheduled for February 28, 2023.

6. PENSION ADVISORY COUNCIL REPORT

Ms. Adams reported that the Council has not met since their November 15, 2022 meeting.

The next Pension Advisory Council meeting is scheduled for January 10, 2023.

7. STATE PENSION ADMINISTRATOR'S REPORT

EMPLOYEE RECOGNITION

Ms. Adams provided an overview of the year's successes, which included but were not limited to:

- DPERS received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the 26th consecutive year and the Public Pension Coordinating Council Award for the 19th consecutive year. Successfully completed the FY22 Financial Audit and Annual Comprehensive Financial Report issued with no unmodified opinions even when presented with various challenges that could have had a negative impact.
- Created the first logo in the history of the pension fund.
- Processed 107 Capital Calls totaling \$147.3 million and 130 Distributions totaling \$311.1 million. Set up 10 new Private Equity accounts.
- Set up 14 additional entities for auto-debit. Processed over 500 auto-debits which were previously paid by check sent via US mail.
- Secured a renewed commitment by Northern Trust to improve daily operations and increase return on cash portfolio.

- Implemented the transition of the Pharmacy Benefit Manager processes from Express Scripts to CVS Caremark.
- Critical partner in the implementation and de-implementation of the Medicare Advantage (MA) Plan for benefit-eligible retirees including multiple communications, website updates, new forms, and a multitude of phone calls.
- Successfully completed the Spring Open Enrollment which included rate changes, the Fall Open Enrollment for MA transition, and an additional Open Enrollment for the transition back to Special Medicfill.
- Created new Promotional Standards for the newly reclassified HR Analyst career ladder.
- Improved/increased cross-training, internal controls, and process improvement.
- Processed a Post Retirement Increase and 2 supplemental one-time payments.
- Implemented two major IRS updates to the W-4R and W-4P programs in Peoplesoft.
- Implemented OKTA, an enhanced single-sign on process for over 20,000 retirees and external end-users. Retirees were transitioned in March; external end-users were transitioned in May and volunteer fire external end-users were transitioned in December.
- Converted 100% of staff from desktops to Always on VPN laptops purchased with CARES Act funds, saving DPERS \$110,000.
- Retirees can view on-line and print their 2022 tax documents (1099's, W-2's and 1095B's) via OKTA.
- First organization to complete the Tenable Agent Installation and Configuration for the security scanning and monitoring of our servers. This is part of the enhanced monitoring put in place to increase cybersecurity.
- Completed the Summary Plan Description for the State Employees' Pension Plan.
- Received more than 72,250 phone calls, which is 12,500 more than the average.

S. Grant led the applause and congratulations from the Board members to the Office of Pensions staff on a phenomenal effort during a challenging year.

POSITIONS

Ms. Adams reported that the Cash and Debt Manager position has been posted. There are two vacant limited-term Human Resource (HR) Analyst positions that will support production duties while two current staff members temporarily support the ERP modernization project. Extension requests will be sent to HR for the limited-term HR Analyst positions assigned to the Pension Administration vested team. Two limited-term vested positions are presently vacant due to internal promotions. All limited-term positions will be posted in the near future. The HRIS Specialist III and the HR Associate positions are in the process of being reclassified. The Office hopes to see more yellow on the chart – indicating filled positions – for the January Board meeting.

OFFICE ACTIVITIES

Ms. Adams reported that the Office of Pensions held a winter fest/celebration luncheon on December 15, 2022, while noting N. Shevock's representation of the Board at the event and thanking her for her kind words of appreciation. The Office staff is most appreciative of the time and effort involved in planning the festivities. The event incorporated team-building activities, great food, and a white elephant gift exchange to conclude the calendar year with positivity after the challenges of recent months.

In addition, the Office of Pensions conducted two virtual educational activities in October.

8. DEPUTY ATTORNEY GENERAL REPORT

R. Connell reported that his research on securities litigation, as well as a related presentation by guest speakers, will be provided during Executive Session.

MOTION made by A. Agra and seconded by H. Stafford to approve the filing of a lead plaintiff motion for the securities litigation discussed in the Executive Session.

MOTION ADOPTED UNANIMOUSLY

9. INVESTMENT COMMITTEE REPORT

Mr. Gooderham reported that global equity and fixed-income markets provided strong gains in November. Markets reacted favorably to softer-than-expected inflation data, leading investors to anticipate that the pace of interest rate hikes may soon slow. The broad US equity market, as measured by the Russell 3000 index, gained 5.2%. International equities outperformed US equities as the MSCI EAFE index advanced 11.3% and the MSCI Emerging Markets index rallied 14.8%. Gains in international markets were aided by a US dollar that broadly weakened. Returns in emerging markets were boosted by strong returns in China amid signs officials may be loosening restrictive COVID-19 policies. In fixed-income markets, yields moved lower (prices higher) and credit spreads tightened, resulting in a 3.7% gain for the Bloomberg Universal bond%.

Mr. Gooderham reported that DPERS Fund assets at Northern Trust were estimated to be \$13,147.5 million on November 30th, 2022, representing a net increase of \$528.6 million during the month. Estimated returns through November 30th, 2022 are as follows:

	Month Ended 11-30-22	Fiscal YTD 11-30-2022	Calendar YTD 11-30-22	1 Year Ended 11-30-22
Total Fund	3.0	0.4	-14.7	-14.1
DPERS Policy Benchmark**	6.2	4.5	-13.5	-11.1
S&P 500 Index	5.6	8.6	-13.1	-9.2

** Benchmark mix: 46% Russell 3000 Index, 24% MSCI ACWI ex US IMI (Net), 27.0% BB Universal Bond Index, 3% T-bills

Mr. Gooderham reported that the Committee met once in December on the 13th. At that meeting, he advised that, in addition to the approved items below, the Committee reviewed and discussed:

- A presentation by T. Rowe Price on their Global Growth Equity Strategy
- An Asia ex-Japan Asset Allocation Update

Mr. Gooderham also advised that the following items were approved at the December 13th meeting under the Committee's authority:

- The transfer of \$400 million to a new NT Laddered Fixed Income strategy, funded from the Cash Account.

A. Agra shared that the Investment Committee included a very favorable report on Windmark in their October annual review; the Investment Committee members extended their thanks to Windmark for their efforts.

The next Investment Committee meeting is scheduled for January 17, 2023.

MOTION made by N. Shevock and seconded by H. Stafford to enter into Executive Session to consider pension personnel matters, confidential medical records, legal matters, sensitive commercial trade secrets, and confidential financial information.

MOTION ADOPTED UNANIMOUSLY

The Board then moved into Executive Session to discuss pending personnel matters, confidential medical records, legal matters, sensitive commercial information, proprietary business information, trade secrets, and confidential financial information.

MOTION made by K. Simpler and seconded by A. Agra to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

10. ADJOURNMENT

S. Grant extended warm thanks for everyone's hard work and well wishes for the holiday season. N. Shevock also thanked S. Grant for her hard work while everyone shared the sentiments.

At 11:13 a.m., there being no further business:

MOTION was made by H. Stafford and seconded by A. Agra to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,



Joanna M. Adams
Pension Administrator



Suzanne B. Grant (Jan 31, 2023 15:59 EST)

Suzanne B. Grant, Chair
Board of Pension Trustees